

STATE OF LOUISIANA LEGISLATIVE AUDITOR

WWNO-FM Radio Station
University of New Orleans
Louisiana State University System
State of Louisiana
New Orleans, Louisiana

January 24, 2001



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

**Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 2000**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

January 24, 2001

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Financial Statements and
Independent Auditor's Report
As of and for the Year Ended June 30, 2000

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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

January 3, 2001

Independent Auditor's Report
on the Financial Statements

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position, Statement of Financial Activity, and Statement of Cash Flows of WWNO-FM Radio Station, a public telecommunications entity operated by the University of New Orleans, as of and for the year ended June 30, 2000. These financial statements are the responsibility of management of the radio station. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial statements of WWNO-FM Radio Station are intended to present the financial position, results of operations, and cash flows of only that portion of the funds of the University of New Orleans that is attributable to the transactions of the radio station.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the WWNO-FM Radio Station, University of New Orleans, at June 30, 2000, and the results of its operations and the cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements of WWNO-FM Radio Station. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, reading "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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[WWNO00]

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Financial Position
June 30, 2000
(With Comparative Totals for 1999)**

	2000		1999
	UNRESTRICTED	RESTRICTED	TOTAL
ASSETS			
Cash and cash equivalents (note 2)		\$1,114,515	\$1,114,515
Accounts receivable		2,250	2,250
Long-term investments (note 3)		188,214	188,214
Equipment (note 4)	\$594,927		594,927
TOTAL ASSETS	\$594,927	\$1,304,979	\$1,899,906
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable		\$198	\$198
Long-term liabilities - accrued sick and annual leave payable (note 5)		39,848	39,848
Total Liabilities	NONE	40,046	40,046
Net Assets:			
Restricted:			
Designated for capital outlay (note 10)		650,000	650,000
Operating		614,933	614,933
Unrestricted	\$594,927		594,927
Total Net Assets	594,927	1,264,933	1,859,860
TOTAL LIABILITIES AND NET ASSETS	\$594,927	\$1,304,979	\$1,899,906

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Financial Activity
For the Year Ended June 30, 2000
(With Comparative Totals for 1999)**

	2000		1999
	UNRESTRICTED	RESTRICTED	TOTAL
Support and Revenues			
State and local grants		\$31,775	\$31,775
University support	\$252,995		252,995
Corporation for Public Broadcasting		133,886	133,886
Private restricted - other		965,360	965,360
Investment income		54,621	54,621
Total support and revenues	252,995	1,185,642	1,438,637
Expenses			
Program services:			
Programming and production	114,162	450,579	564,741
Broadcasting	52,345	206,595	258,940
Program information	37,700	148,797	186,497
Support services:			
Management and general	13,220	52,177	65,397
Fund raising	35,568	140,382	175,950
Total expenses	252,995	998,530	1,251,525
CHANGE IN NET ASSETS BEFORE CAPITAL DELETIONS	NONE	187,112	187,112
Capital deletions	(21,868)		(21,868)
CHANGE IN NET ASSETS AFTER CAPITAL DELETIONS	(21,868)	187,112	165,244
NET ASSETS AT BEGINNING OF YEAR	431,498	1,263,118	1,694,616
Equity transfer - equipment acquisition	185,297	(185,297)	
NET ASSETS AT END OF YEAR	\$594,927	\$1,264,933	\$1,859,860

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS**

**Statement of Cash Flows - Operating Fund - Restricted
For the Year Ended June 30, 2000
(With Comparative Totals for 1999)**

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Change in net assets	\$187,112	\$203,488
Adjustments to reconcile excess of support and revenues over expenses to net cash used in operating activities - changes in assets and liabilities:		
Decrease (increase) in accounts receivable	36,500	(38,750)
Loss on investments	3,682	4,814
(Decrease) in accounts payable	(804)	(1,647)
Increase (decrease) in accrued sick and annual leave payable	4,734	(973)
Net cash provided by operating activities	<u>231,224</u>	<u>166,932</u>
Cash flows from investing activities:		
Proceeds from sale of investments	33,326	96,672
Purchase of property and equipment	(185,297)	(38,366)
Net cash used by capital activities	<u>(151,971)</u>	<u>58,306</u>
Net increase in cash and cash equivalents	79,253	225,238
Cash and cash equivalents at beginning of year	<u>1,035,262</u>	<u>810,024</u>
Cash and cash equivalents at end of year	<u><u>\$1,114,515</u></u>	<u><u>\$1,035,262</u></u>

The accompanying notes are an integral part of this statement.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WWNO-FM Radio Station have been prepared on the accrual basis, except that no depreciation has been taken on equipment. The significant accounting policies followed are described below.

Organization

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, the radio station attained this status.

WWNO-FM Radio Station is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

Fund Accounting

The assets, liabilities, and net assets of the station are reported in two self-balancing fund groups as follows:

Unrestricted funds include resources that are available for support of the station's operations and investment in equipment. Restricted funds include the amounts received with stipulations that limit the use of the assets.

Revenue Recognition

Contributions and pledges are recorded as revenue in the Statement of Financial Activity when received. Revenue from grants is recognized as revenue to the extent that expenses are incurred. WWNO-FM Radio Station does not recognize revenue from the fund raising activities by the UNO Foundation until the quarterly net collections are transferred to the WWNO revenue accounts.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Statement of Cash Flows

Cash flows are presented using the indirect method. Cash equivalents include demand deposits, and investments consist of United States Government securities.

Income Taxes

The radio station is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2000.

Equipment

Equipment is recorded at cost or, in the case of donated equipment, at its estimated fair market value at the date of receipt. Depreciation is not recognized, but equipment is adjusted when the equipment is replaced. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

In-kind Contributions

Donated facilities provided by UNO consist of office and studio space together with related occupancy costs and are recorded in revenue and expense.

2. CASH AND CASH EQUIVALENTS

At June 30, 2000, cash and cash equivalents consist of interest-bearing demand deposits totaling \$1,114,515. These deposits are part of pooled cash held and controlled by UNO (Louisiana State University System) and are secured from risk by the university through a custodial agreement. The risk disclosures required by generally accepted accounting principles are included within the Louisiana State University System's general purpose financial statements.

3. INVESTMENTS

At June 30, 2000, pooled investments have a book value of \$199,237 and are reported at fair market value of \$188,214 in accordance with GASB Statement No. 31. Investments are managed by UNO (Louisiana State University System) and credit risk disclosures required by generally accepted accounting principles are included within the Louisiana State University System's general purpose financial statements.

WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

4. EQUIPMENT

A summary of changes in equipment follows:

Balance at July 1, 1999	\$431,498
Deletions	(21,868)
Additions	<u>185,297</u>
Balance at June 30, 2000	<u><u>\$594,927</u></u>

A breakdown of equipment (acquisition value of \$250 or more) follows:

Office furniture and fixtures	\$48,733
Satellite dish, transmitter, and antenna	273,225
Studio and other broadcast equipment	<u>272,969</u>
Balance at June 30, 2000	<u><u>\$594,927</u></u>

5. COMPENSATED ABSENCES

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave has been modified to implement Government Accounting Standard Board (GASB) Statement No. 16, Accounting for Compensated Absences. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 10 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2000, is estimated to be \$39,848.

6. LONG-TERM DEBT

There is no long-term debt at June 30, 2000.

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

7. LEASES

The radio station was obligated for three operating leases for the rental of tower space for the operation of WWNO-FM Radio Station. Total rental expense for 2000 was \$45,240.

The future lease payments due under the noncancelable lease agreement at June 30, 2000, are as follows:

<u>Year</u>	<u>Amount</u>
2001	\$41,240
2002	39,240
2003	39,240
2004	39,240
2005-2009	<u>190,200</u>
Total	<u><u>\$349,160</u></u>

8. PENSION PLANS

Substantially all employees of the radio station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

The contribution requirements of plan members and the radio station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (R.S.) 11:102. Employees contribute 8% (TRS) and 7.5% (LASERS) of covered salaries. The state is required to contribute 15.2% of covered salaries to TRS and 12.3% of covered salaries to LASERS. The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station. The radio station's employer contributions to TRS for the

**WWNO-FM RADIO STATION
UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA**
Notes to the Financial Statements (Concluded)

years ended June 30, 2000, 1999, and 1998, were \$15,363, \$9,725, and \$16,817, respectively, and to LASERS for the years ended June 30, 2000, 1999, and 1998, were \$11,537, \$11,044, and \$11,844, respectively, equal to the required contributions for each year.

9. OPTIONAL RETIREMENT SYSTEM

R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid the radio station in recruiting employees who may not be expected to remain in the TRS for 10 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

Contributions by the radio station are 15.2% of the covered payroll. The participant's contribution, less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays over to the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan for the years ended June 30, 2000, 1999, and 1998, were \$15,470, \$11,745, and \$16,940, respectively.

10. BOARD DESIGNATED CAPITAL RESERVE

The Corporation for Public Broadcasting, *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*, October 1990, provides that funds designated by the governing board of a station are not endowment funds but are board designations of unrestricted funds. The WWNO Advisory Board has designated a total of \$650,000 as a reserve for capital outlay. UNO has recorded the \$650,000 in the Endowment Fund on its annual financial statements.

11. PRIOR YEAR FINANCIAL STATEMENTS

The financial information shown for 1998 in the accompanying financial Statements is included to provide a basis for comparison with 1999 and presents summarized totals only.

**WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATION ENTITY OPERATED
BY THE UNIVERSITY OF NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 2000**

The following supplemental information schedule presents the Schedule of Functional Expenses for amounts presented on Statement B for the year ended June 30, 2000.

WWNO-FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF NEW ORLEANS

Schedule of Functional Expenses
For the Year Ended June 30, 2000
(With Comparative Totals for 1999)

	PROGRAM SERVICES			
	PROGRAMMING AND PRODUCTION	BROADCASTING	PUBLIC INFORMATION AND PROMOTION	TOTAL PROGRAM SERVICES
Employee salaries and wages	\$159,521	\$45,805	\$68,658	\$273,984
Employee benefits	28,532	8,454	11,289	48,275
Travel	3,576	830	1,468	5,874
Tower rent		45,240		45,240
Utilities		22,880		22,880
Program costs	227,931	364	12,016	240,311
Contracts	21,105	25,850	667	47,622
Repairs and maintenance	123	1,845	123	2,091
Advertising			13,559	13,559
Subscriptions and memberships	1,652	1,515	196	3,363
Radio research corporation	4,720			4,720
Music collection	933			933
Printing, publications, and graphics			21,718	21,718
Telephones, printing, postage	19,567	5,625	8,320	33,512
Supplies	3,081	17,961	1,310	22,352
Satellite		5,800		5,800
Visa/Mastercard				
Auditor's fee				
Sick/annual leave	1,993	573	847	3,413
Indirect administrative support	91,578	26,321	38,937	156,836
Postage and shipping			6,230	6,230
Work study			730	730
Construction		49,850		49,850
Software	54	27	54	135
Miscellaneous	375		375	750
Total	\$564,741	\$258,940	\$186,497	\$1,010,178

Schedule 1

SUPPORTING SERVICES					
MANAGEMENT AND GENERAL	FUND RAISING AND MEMBERSHIP DEVELOPMENT	UNDERWRITING AND GRANT SOLICITATION	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES	
				2000	1999
\$30,469	\$61,695	\$15,263	\$107,427	\$381,411	\$334,094
5,868	8,120	3,077	17,066	65,341	53,954
2,273	4,291	144	6,708	12,582	14,784
				45,240	10,000
				22,880	22,352
				240,311	208,297
	6,758		6,758	54,380	62,251
123	123	123	369	2,460	2,113
902			902	14,461	11,905
267	4,675	1,236	6,178	9,541	9,441
				4,720	4,299
				933	637
	1,143		1,143	22,861	41,147
3,764	2,919	6,286	12,969	46,481	10,806
593	1,149	300	2,042	24,394	18,125
				5,800	5,800
	9,126		9,126	9,126	9,115
3,080			3,080	3,080	2,288
383	743	194	1,321	4,734	(973)
17,620	34,152	8,918	60,690	217,526	162,651
	4,153		4,153	10,383	17,852
	1,094		1,094	1,824	
				49,850	5,714
53	54	27	134	269	2,288
	187		187	937	492
<u>\$65,397</u>	<u>\$140,382</u>	<u>\$35,568</u>	<u>\$241,347</u>	<u>\$1,251,525</u>	<u>\$1,009,432</u>